

PATENT
Customer No. 22,852
Attorney Docket No. 06683.0001-01000

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:)
Richard G. HALPERN) Group Art Unit: Unassigned
Serial No.: Unassigned) Examiner: Unassigned
(continuation of 09/105,070))
Filed: October 16, 2001)
For: AUTOMATED METHODS AND)
APPARATUS FOR)
PROGRAMMED PERIODIC)
REPLENISHMENT OF PRINCIPAL)
WITH ANNUAL ADJUSTMENT TO)
FUTURE INTEREST RATES)

Assistant Commissioner for Patents
Washington, DC 20231

Sir:

PRELIMINARY AMENDMENT

Prior to the examination of the above application, please amend this application as follows:

IN THE SPECIFICATION:

Please amend the specification as follows:

page 5, line 12, delete "principle" and substitute therewith --principal--.

page 6, line 21, after the word "invention", please delete "." and insert --; Fig. 2 depicts a flowchart of a general method for inventing funds consistent with the present invention;

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Fig. 3 depicts a flowchart of a specific method for investing funds consistent with the present invention;

Fig. 4 depicts a flowchart of a method for determining the number of coupon bonds to be purchased consistent with the present invention; and

Fig. 5 depicts a flowchart of a method for determining the amount of holdback consistent with the present invention.--

Page 7, line 12, after the phrase "following five-year periods" insert --(Figs. 2-3, step 210)--.

Page 7, line 15, after the phrase "initial funding amount" insert --(Fig. 2, step 220)--.

Page 7, line 20, after the phrase "will be purchased" insert --(Fig. 3, step 310)--.

Page 8, line 2, after the phrase "of the structured settlement" insert --(Fig. 3, step 320)--.

Page 10, line 15, after the phrase "load to be overcome" insert --(Fig. 4, step 410)--.

Page 10, line 17, after the phrase "minus the load)" insert --(Fig. 4, step 420)--.

Page 10, line 19, after the phrase "minus the load)" insert --(Fig. 4, step 430)--.

Page 11, line 5, after the phrase "for each bond purchased," insert --(Fig. 4, step 440)--.

Page 12, line 13, after the phrase "initial funding amount" insert --(Fig. 4, step 450)--.

Page 12, line 14, after the phrase "for a holdback or a Strip" insert --(Fig. 4, step 460)--.

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Page 12, line 15, after the first instance of the word "purchased" insert --(Fig. 4, step 470)--.

Page 12, line 20, after the word “amount” insert --(Fig. 4, step 480)--.

Page 13, line 17, after the phrase “Coupon Bonds needed” insert --(Fig. 4, step 490)--.

Page 13, line 18, after the phrase “number of Coupon Bonds” insert --(Fig. 4, step 495)--.

Page 14, line 1, after the phrase "initial funding amount" insert --(Fig. 5, step 510)--.

Page 14, line 1, after the phrase "purchase price per bond" insert --(Fig. 5, step 520)--.

Page 14, line 2, after the phrase “discount, at a premium or par” insert --(Fig. 5, step 530)--.

Page 14, line 3, after the phrase “per year would be calculated” insert --(Fig. 5, step 540)--.

Page 14, line 6, after the phrase “initial funding amount” insert --(Fig. 5, step 550)--.

Page 15, line 15, after the phrase "amortizing the front end load" insert --(Fig. 5, step 560)--.

IN THE CLAIMS:

Please add claims 7-10, as follows:

7. A method of automatically managing an initial funding amount to achieve a future rate of return that will be consistent with future economic conditions without diminishing principle, comprising the steps, performed by a data processor, of:

receiving input values for the initial funding amount, a cost of a primary term investment vehicle, a cost of a secondary term investment vehicle and any front end load for the primary and secondary term investment vehicles;

creating an initial investment structure by splitting the initial funding mount into a predetermined number of portions, spreading the portions over the predetermined number of initial investment terms, and dividing each portion between the primary and secondary term investment vehicles such that for each term, the sum of the values for the primary and secondary term investment vehicles at the end of the corresponding term equals the portion for that term, the step of creating the initial investment structure including the substeps of

calculating the amount of the portions needed to cover any front end load,

determining a factor to divide each portion, less the calculated front end load, of the initial funding amount between the primary and secondary investment vehicles, and

creating communications to implement the initial investment structure; and maintaining an ongoing investment structure for an additional term as each portion of the initial funding amount matures at the end of the corresponding investment

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term by determining a reinvestment of gross proceeds for an additional investment term, the step of maintaining the investment structure including the substeps of receiving updated input values for the cost of the primary investment vehicle and the cost of the secondary investment vehicle, matching the secondary investment vehicle to the primary investment vehicle to maintain a consistent level of reinvestment, and scheduling the automatic purchasing of primary and secondary term investment vehicles as determined after matching.

8. The method of claim 7, wherein the substep of maintaining the investment structure further includes the substep of stopping reinvestment at the occurrence of a predetermined event.
9. The method of claim 7, wherein the step of receiving input values for the cost of the primary and secondary investment vehicles includes the substep of receiving values for the costs of a United States Treasury Bond and a United States Treasury Zero Coupon Bond.
10. The method of claim 7, wherein the step of receiving input values for the cost of the primary and secondary investment vehicles includes the substep of receiving values for the costs of a Municipal Bond and a holdback account.

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REMARKS

In an Office Action in the parent case, the Examiner rejected claim 1 under 25 U.S.C. §103(a) as being unpatentable over Golden, in view of Basralian, *Up the Bond Staircase*. Applicant respectfully traverses this rejection.

Golden teaches a method and system for administering at least part of a program to provide a person with guaranteed lifetime income with a measure of liquidity using at least an initial contribution of assets.

In contrast, the invention recited in claim 7 includes a method for automatically managing an initial funding amount to achieve a future rate of return that will be consistent with future economic conditions without diminishing principle. The method includes, *inter alia*, dividing each portion between the primary and secondary term investment vehicles and maintaining an ongoing investment structure for an additional term as each portion of the initial funding amount matures at the end of the corresponding investment term by determining a reinvestment of gross proceeds for an additional investment term. Maintaining the investment structure includes receiving updated input values for the cost of the primary investment vehicle and the cost of the secondary investment vehicle, matching the secondary investment vehicle to the primary investment vehicle to maintain a consistent level of reinvestment, and scheduling the automatic purchasing of primary and secondary term investment vehicles as determined after matching.

The Examiner admitted that Golden does not teach or disclose maintaining an ongoing investment for an additional term as set forth in claim 7. Golden also does not teach dividing each portion between the primary and secondary term investment vehicles. The Examiner argued that Basralian teaches maintaining an ongoing

investment for an additional term, but Basralian does not teach or disclose a primary investment vehicle and a secondary investment vehicle. As such, Basralian does not teach or disclose receiving updated input values for the cost of the primary investment vehicle and the cost of the secondary investment vehicle. Basralian also does not teach or disclose matching the secondary investment vehicle to the primary investment vehicle to maintain a consistent level of reinvestment. Furthermore, Basralian does not teach or disclose scheduling the automatic purchasing of primary and secondary term investment vehicles as determined after matching, or dividing each portion between the primary and secondary term investment vehicles. As such, the combination of these references does not teach the invention as recited in claim 7.

At least for these reasons, Applicant submits that claims 7-10 are allowed over Golden in view of Basralian's *Up the Bond Staircase*.

If there is any fee due in connection with the filing of this Preliminary Amendment, please charge the fee to our Deposit Account No. 06-0916.

Respectfully submitted,

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Dated: October 16, 2001

By: 

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